

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN CHUCK SWYSGOOD**, on March 23, 1999 at 8:03 A.M., in Room 108 Capitol.

ROLL CALL

Members Present:

Sen. Chuck Swysgood, Chairman (R)
Sen. Tom Keating, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. William Crismore (R)
Sen. Eve Franklin (D)
Sen. Greg Jergeson (D)
Sen. Bob Keenan (R)
Sen. J.D. Lynch (D)
Sen. Dale Mahlum (R)
Sen. Ken Mesaros (R)
Sen. Ken Miller (R)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Daryl Toews (R)
Sen. Mike Taylor (R)
Sen. Mignon Waterman (D)

Members Excused: None

Members Absent: None.

Staff Present: Shannon Gleason, Committee Secretary
Clayton Schenck, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 531, SB 534, 3/20/1999
Executive Action: SB 531, SB 164, HB 6, HB 524,
HB 302, HB 555, HB 207

CHAIRMAN SWYSGOOD advised the committee he was sorry for the short notice on **SB 534**, however because of the transmittal deadline it was necessary to hear the bill today.

HEARING ON SB 534

Sponsor: **SEN. BOB KEENAN, SD 38, BIGFORK**

Proponents: **Dan Anderson,** Department of Public Health and Human Services.
Andrea Merrill, Mental Health Association of Montana
Kathy McGowen, Montana Council of Mental Health Centers
Kip Smith, Montana Primary Care Association
Anita Rossman,
Brian Garrity, Mental Health Association

Opponents: None

Opening Statement by Sponsor:

SEN. KEENAN advised this was a request from the subcommittee on Human Services and Aging and dealt with mental health managed care guidelines. **SEN. KEENAN** advised there were amendments and passed out **EXHIBIT(fcs65a01)**.

Proponents' Testimony:

Dan Anderson, Department of Public Health and Human Services, rose in support of the general idea of the bill but had a concern with section four, he understood that section was to be deleted. **Mr. Anderson** restated his concerns and advised the department would be proposing amendments.

Andrea Merrill, Mental Health Association, read **EXHIBIT(fcs65a02)**.

Kathy McGowen, Montana Council of Mental Health Centers, advised they supported the spirit of this bill and appreciated all the hard work the subcommittee has done.

Kip Smith, Montana Primary Care Association, expressed concerns with Section four, and reviewed each section as follows: Subsection two: requiring a fully capitated system and a regional at risk contract, he felt there may be no one qualified at this time under those specifications. **Mr. Smith** added the most successful form of managed care, Medicaid passport, would not

qualify. Subsection five: required oversight from the department and they currently do not have the expertise to oversee the program. **Mr. Smith** added the Insurance Commissioner's Office had the experience, but this bill does not require his oversight. Section four: there was no insurance the provider had an adequate provider network, and he felt that should be required. **Mr. Smith** felt number five in the amendment, (exhibit 1), the last sentence almost requires Magellan stay until the new plan is accepted.
{Tape : 1; Side : A; Approx. Time Counter : 8:23}

Anita Rossman, Montana Advocacy Program, rose in support of the general bill, but felt Section four needed to be strengthened. **Ms. Rossman** was concerned with the way the program was going, and she thought there was a need for more debate and study of the entire mental health program. **Ms. Rossman** felt this program would end up in trouble because it is being built from the top down, she mentioned a plan proposed by the Mental Health Centers and thought that was the best way to handle the transition. **Ms. Rossman** felt an amendment should be added to require a statewide commission that reviewed managed mental health care in Montana annually.

Brian Garrity, Mental Health Association, advised he felt there should be strong oversight by the commission, and there was a fair amount of work that needed to be completed.

Questions from Committee Members and Responses:

SEN. BECK asked for clarification on the Montana State Hospital wording. **SEN. KEENAN** advised the language was in the bill to ensure the rates structure is fair.

SEN. LYNCH felt it was wrong to deinstitutionalize mental health. **SEN. LYNCH** requested **CHAIRMAN SWYSGOOD** contact the House and request a suspension of the rules so there could be time to review this bill. **SEN. KEENAN** felt that would be a good idea.

SEN. JERGESON noted the House would have to suspend their rules, not the Senate.

SEN. CHRISTIAENS wanted to know about the regional consumer advisory councils listed in the bill. **SEN. KEENAN** stated the oversight committee has been effective, and should be kept. The providers needed to be brought back into the system. **REP. BARNHART** wanted the oversight of the subcommittee strengthened.

SEN. CHRISTIAENS wanted expansion of a strong independent oversight. **SEN. KEENAN** advised he was unsure what that meant, this bill contained the requests from the subcommittee.

SEN. FRANKLIN stated on page one and two, subsection two, left management of physical health services and management of mental health services was struck out. **SEN. WATERMAN** advised that was current law and they were separating out physical and mental health.

SEN. KEENAN agreed there were sections that needed to be cleared up, however there was no time for the Senate to address these unless the House would suspend the rules. **CHAIRMAN SWYSGOOD** advised unless the House would suspend the rules, the bill was going out today. **CHAIRMAN SWYSGOOD** felt the bill would be amended by the House and a Conference Committee would be held.

SEN. WATERMAN agreed it was important to move this bill, and felt the House would return the bill. **SEN. WATERMAN** stated the enforcement and the State Hospital language needs to be amended. **SEN. WATERMAN** did not want to give up not returning to fee for service language, and felt some amendments were needed.

SEN. LYNCH felt some language should be added to insure the bill comes back. **CHAIRMAN SWYSGOOD** thought the House was as concerned as the Senate, and the bill would be treated fairly.

SEN. KEATING suggested the meeting be recessed until the amendments could be created. **CHAIRMAN SWYSGOOD** advised that was his intent. **SEN. BECK** felt the House would suspend the rules. *{Tape : 1; Side : A; Approx. Time Counter : 8:48}*

SEN. BECK questioned the 200% poverty level in the bill. **Mr. Anderson** advised they were currently at 150%, and that was a limit not to be exceeded.

Closing by Sponsor:

SEN. KEENAN closed.

{Tape : 1; Side : B; Approx. Time Counter : 0}

HEARING ON SB 531

Sponsor: **SEN. TOM BECK, SD 28, DEERLODGE**

Proponents: **SEN. J.D. LYNCH, SD 19, Butte**

Jerry Hoover, Montana Health Facility
Authority (**MHFA**)
Gary Row, Montana Economic revitalization and
Development Institute (**MERDI**)
Community Counseling and Correction
Services (**CCCS**)

Opponents: None

Opening Statement by Sponsor:

SEN. BECK explained this expands the scope of financing available under the Health Facilities Act. This would allow private nonprofit corporations to build and operate correction facilities. **SEN. BECK** advised the revision will allow public private partnerships to operate important correctional facilities without up-front capital from the state. This will allow local communities to sell General Obligation Bonds to cover the construction of correctional facilities. **SEN. BECK** advised Warm Springs has an opportunity for a jail to be created, and he had amendments.

Proponents' Testimony:

SEN. LYNCH explained the proposal for the jail facility being built by a nonprofit corporation. **SEN. LYNCH** felt the jail was needed by Butte and the prison system. The building being considered was the **Dr. X** building, located in Warm Springs.

Jerry Hoover, MHFA, explained the amendments. **Mr. Hoover** advised these would be revenue bonds, and there was no obligation by the state to repay the bonds. There was however a moral obligation clause.

Gary Row, Montana Economic Development, rose in support of the bill. **Mr. Row** felt this would reduce the cost to taxpayers for regional correction facilities.

Questions from Committee Members and Responses:

SEN. TAYLOR wanted the moral obligation clause explained. **Mr. Hoover** explained the clause and added it did not hold the state responsible for the bonds. The legislature has never repaid bonds with a morale obligation clause over the last 12 years.

SEN. TAYLOR asked if this was a way for the Department of Corrections to get more beds without adding beds into their budget. **SEN. BECK** advised anyone can get the revenue bonds.

This program was to get a jail facility for Butte and Anaconda. The facility could handle overflow from the prison in the geriatric and mentally handicapped units.

SEN. CHRISTIAENS stated the facility in Missoula was bonded and now the state is having to pick up the difference. **Mr. Hoover** advised it would be the same procedure. **SEN. CHRISTIAENS** stated the cost of the facility could be more, and the state could be in a position to repay the bonds. **Mr. Hoover** advised it would depend on the creditworthiness of the borrower.

SEN. LYNCH felt the cost to operate the facility would be higher than any place in the state because of the type of people the facility was dealing with. **SEN. LYNCH** explained everyone repaying the bonds knew the cost. **SEN. CHRISTIAENS** advised that was not the issue. The issue was the facility would be built and the state was responsible if the loan was not repaid. **Mr. Hoover** stated the nonprofit organization was responsible.

SEN. WATERMAN pointed out plans for Glendive to be converted into a geriatric unit, and asked if this bonding authority could be used. **Mr. Hoover** advised it could.

SEN. WATERMAN understood the proposed use would be geriatrics and mentally ill. The facility is currently not suitable for that. **SEN. BECK** advised it is being used for that now, however the facility was not Medicaid eligible. **SEN. LYNCH** explained the planned additions.

SEN. MOHL wanted to know when the facility could be used. **SEN. LYNCH** felt it would be available in 2001. **SEN. MOHL** wanted to know where the cost per bed was in the budget. **SEN. LYNCH** stated it is not in this budget, it would apply to the next budget.

Closing by Sponsor:

SEN. BECK stated this was a revenue bond with higher interest than regular bonds. The moral obligation was not a requirement. **SEN. BECK** did not believe bonds could be sold if the program did not stand a chance to succeed. *{Tape : 1; Side : B; Approx. Time Counter : 9:16}*

EXECUTIVE ACTION ON HB 524

Motion/Vote: SEN. MILLER moved that HB 524 BE CONCURRED IN.
Motion carried unanimously.

EXECUTIVE ACTION ON HB 302

Motion: SEN. KEATING moved that HB 302 BE CONCURRED IN.

Motion: SEN. KEATING moved that HB 302 BE AMENDED
EXHIBIT(fcs65a03) .

Discussion:

It was decided to separate the amendment and vote on each part.

Motion/Vote: SEN. KEATING moved that HB 302 BE AMENDED TO A
\$500,000.00 LOAN AMOUNT BE ADOPTED. Motion carried 14-1 with
Lynch, Nelson, Miller, and Shea voting no.

Motion/Vote: SEN. KEATING moved that HB 302 BE AMENDED TO
REDIRECT THE INTEREST TO THE GENERAL FUND BE ADOPTED. Motion
carried 13-5 with Lynch, Franklin, Shea, Waterman, and Jergeson
voting no.

Motion/Vote: SEN. KEATING moved that HB 302 BE CONCURRED IN AS
AMENDED. Motion carried unanimously.

SEN. LYNCH was selected to carry the bill.

EXECUTIVE ACTION ON HB 555

Motion/Vote: SEN. LYNCH moved that HB 555 BE CONCURRED IN.
Motion carried unanimously.

SEN. MESAROS was selected to carry the bill.

EXECUTIVE ACTION ON SB 164

Motion: SEN. MESAROS moved that SB 164 DO PASS.

Motion: SEN. MESAROS moved that SB 164 BE AMENDED
EXHIBIT(fcs65a04) .

Vote: Motion carried unanimously.

Motion/Vote: SEN. MESAROS moved that SB 164 DO PASS AS AMENDED .
Motion carried unanimously.

EXECUTIVE ACTION ON HB 6

The committee was reminded HB 6 had been amended to include the LaCasa Grande water board back to their original status during previous executive action.

Motion: SEN. LYNCH moved that HB 6 BE CONCURRED IN AS AMENDED.

Substitute Motion: SEN. TAYLOR made a substitute motion that HB 6 BE AMENDED, EXHIBIT(fcs65a05) to include the Yellow Bay funding.

Vote: Motion carried unanimously.

Motion/Vote: SEN. TAYLOR moved HB 6 BE CONCURRED IN WITH BOTH AMENDMENTS. Motion carried unanimously.

SEN. LYNCH was selected to carry the bill.

EXECUTIVE ACTION ON HB 207

Motion/Vote: SEN. LYNCH moved that HB 207 BE PULLED FROM THE TABLE AND BE CONCURRED IN AS AMENDED. Motion carried unanimously.

SEN. LYNCH was selected to carry the bill.

EXECUTIVE ACTION ON SB 531

Motion: SEN. BECK moved that SB 531 DO PASS.

Motion: SEN. BECK moved that SB 531 BE AMENDED EXHIBIT(fcs65a06) .

Vote: Motion carried unanimously.

Motion/Vote: SEN. BECK moved that SB 531 DO PASS AS AMENDED.
Motion carried 16-2 with Waterman and Nelson voting no.

A subcommittee was appointed to review SB 534. The following members were selected:

SEN. SWYSGOOD, Chairman
SEN. BECK
SEN. KEENAN
SEN. FRANKLIN
SEN. WATERMAN
SEN. SHEA

The following House members we asked to attend:

REP. KASTEN
REP. COBB
REP. BARNHART
REP. SOFT
REP. SCHMIDT

ADJOURNMENT

Adjournment: 10:37 A.M.

SEN. CHUCK SWYSGOOD, Chairman

SHANNON GLEASON, Secretary

CS/SG